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Agriculture in the Far East and Oceania Export Impact of Wheat Quality Survey

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This week's cover:

A ship loads wheat from a storage silo in Geraldton, Western Australia for export to Far Eastern markets. U.S. competitors such as Australia are focusing on Japan and other countries of the Far East as growing export markets, and Japan is on a drive to diversify its sources of agricultural imports. For a report on agriculture in the Far East and Oceania see page 3.

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Attachés Gather in Canberra

Japan's dominant role in the trade of the Far East . . . good potential markets for U.S. feedgrains and soybeans in many of the countries of Asia . . . encouraging signs of economic growth in Taiwan, Indonesia, and elsewhere . . . the vigor of Australian agriculture and its export ambitions . . . these and many other facets of Eastern agriculture and trade got a thorough exploration early last month when the agricultural attachés of 11 Far East and South Asian nations gathered in Australia's capital of Canberra for a working conference.

Throughout 6 days, 11 attachés met with a headquarters group to exchange ideas, commodity by commodity and country by country, in sessions designed to sharpen the focus of U.S. agricultural programs in the area and improve the flow of knowledge back to U.S. farmers and the trade.

Deputy Assistant Secretary Andrew J. Mair, keynoting the conference on behalf of Secretary Hardin, talked of the export growth potential of the area for U.S. agriculture. "Taiwan's per capita consumption of meat is more than double the consumption in Japan," he said. "If Japan's consumption per person could be raised just to the Taiwan level, it could mean a doubling of Japan's need for feedgrains. Growth potentials might be even greater in other Asian countries."

Japan, it was agreed, occupied a unique role in the Far East, looming large on both the demand and supply sides of the trade equation. With a per capita income of \$1,600 a year it should grow as a market for U.S. agricultural products, both for direct consumption and for further processing in Japan.

At the same time, Japan is trying to diversify its sources of supply of agricultural commodities such as corn from Thailand (under a bilateral agreement) or grain sorghum from Australia by direct contracting.

Looming largest as a competitor for U.S. agriculture is Australia, diversifying its grain production, shifting somewhat from sheep to beef cattle, limited in production chiefly by lack of manpower, and eager for immigration.

At the other end of the trade spectrum is Indonesia, a sleeping giant with great potential—not yet a commercial market but a consumer of U.S. flour and other commodities available on concessional terms.

From all over the vast area, where half the world's people live, came reports of changes that could affect world agricultural trade. From Thailand there was news that farmers are diversifying into grain sorghum production, using high-yielding hybrids. In Indonesia, bulgur is enjoying increasing consumer acceptance as a substitute for rice. Hong Kong and Singapore, both booming, look more and more like "can't miss" import markets. Australia and New Zealand will continue to increase beef production and see the U.S. as their most attractive market. For the area as a whole, attachés agree, wheat consumption and imports will increase, despite dramatic effects of the "Green Revolution" in India, Pakistan, and elsewhere.

Agriculture in Far East and Oceania— Production, Trade, and Consumption Trends

By CLARENCE E. PIKE

Foreign Regional Analysis Division, ERS

Agriculture dominates the economies of most of the countries of the Far East and Oceania.¹ This region, which ranges widely from Afghanistan west to Japan and south to New Zealand, contains about one-third of the world's population.

Very few of the Asian countries of this region produce sufficient food for their needs, although there are exceptions: Thailand, Burma, and Cambodia are among the important rice-exporting countries of the world. In general, the Asian countries are underdeveloped and have low standards of living. Japan is the outstanding exception—in this country industry is predominant, and relatively high standards of living have been achieved. In some other parts of Asia too—particularly in Taiwan, Hong Kong, Singapore, and South Korea—progress is being made in industrialization and is having a significant impact on the economy and mode of living.

In Australia and New Zealand, however—the two major countries of Oceania—per capita food consumption and levels of living are among the highest in the world. Both countries are important exporters of food and other agricultural items.

Total agricultural production

In 1969, total agricultural production in the region reached an alltime high. It exceeded the 1968 level in all but two countries—Japan and Australia, where it was slightly below the record levels of the previous year. The 1969 index of total agricultural production (as a percentage of production in 1957-59) ranged from a high of 190 in Thailand to a low of 112 in South Vietnam. On a per capita basis, agricultural production in 1969 was above 1957-59 in all but three countries—Burma, Indonesia, and South Vietnam. If average weather prevails during 1970, a new record of agricultural production will probably be achieved.

Generally favorable weather accounts for part of the production gains registered in 1969. In addition, increased use of chemical fertilizers in every country, expanded irrigation, more multiple cropping, increased mechanization, and wider use of improved farming techniques contributed to the record outturn. The increased planting of high-yielding varieties of rice, wheat, and other grains was also a major factor in the record outturn.

Except in Afghanistan and the countries of Oceania, *rice* is the most important crop and food staple in the area. Total production in 1969 was a record high for the third year in a row. Only in Japan and Taiwan were the crops slightly smaller than before.

Wheat production reached a new high in India and Pakistan. In Australia, however, it was down from the record 1968 outturn, primarily because of the less favorable growing conditions. Production of *corn* and *other coarse grains* was up in most countries.

The new grains

In the last 3 years the rapid spread of highly productive new varieties of rice and wheat in several less developed countries of Asia has brought a very substantial increase in grain production in India, Pakistan, and the Philippines as well as smaller increases in several other countries.

In 1969 the new varieties of grain occupied about 10 percent of the riceland and about 25 percent of the wheatland in the less developed countries of the region, probably adding roughly 10 percent to rice production and 30 percent to wheat production. Higher yielding corn and grain sorghum varieties are also making limited contributions to increased grain production.

The success of the new varieties has generally been due to vigorous government action, with aid programs assisting in several ways. The swift adoption of these grains has demonstrated that farmers in the less developed countries of Asia will readily accept new practices when the inputs are available and the returns are substantial.

The new rice varieties were developed in the early 1960's at the International Rice Research Institute in the Philippines. The new wheat was developed in the late 1950's in Mexico. Both types of grains have short, stiff straw and produce much higher yields than traditional varieties without lodging. The new grains' adaptability to wide differences in latitude has aided their rapid spread.

Further, the new seeds produce crops in shorter time periods than most of the traditional varieties; thus it is sometimes

¹ From a paper prepared for the Agricultural Attaché Conference held in Canberra, Australia, May 1-6, 1970. The area under discussion excludes Communist Asia.

possible to raise additional crops. They can also make better use of larger amounts of fertilizer than can the traditional varieties. However, their water requirements are high and the area's shortage of irrigation systems with adequate water supplies may be the most critical physical factor limiting their spread.

Another problem is that the new rice varieties IR-8 and IR-5 developed at the International Rice Research Institute here proved somewhat unattractive to consumers and are selling at substantial price discounts. Consequently, considerable research has been directed to the development of grains more acceptable to consumers and two new rice varieties—IR-20 and IR-22—have been developed which are reported to overcome most of consumers' objections to the earlier high-yielding varieties. Widespread distribution of these seeds has recently gotten underway.

The future spread and production of the new varieties is uncertain. Factors which will influence their adoption include prices of grain and inputs, extension and improvement of irrigation systems, and damage from diseases and pests. Nevertheless, it seems possible that several of the less developed countries of Asia can become nearly self-sufficient in grain in not too many years. Indeed, some already have rice surpluses.

Trade in the Far East

Total exports from Far East countries in 1968-69 are estimated to be \$26.2 billion, up 21 percent from the year before. In recent years about 30 percent of total exports have consisted of food, beverages, and agricultural raw materials, although manufactured goods are becoming increasingly important. Rubber, tea, rice, sugar, jute, and coconut products are the leading agricultural export items of the area.

Imports by Far East countries in 1968-69 are estimated to be \$29.8 billion, up 11 percent from the year before, and

AREA, POPULATION, AND AGRICULTURAL PRODUCTION IN THE FAR EAST AND OCEANIA, 1969

Country	Total land area	Popula- tion 1969	Total agricultural produc- tion 1969		Per capita agricultural production 1969
			1,000 sq. mi.	Mil- lions 1957- 59=100 Index	
Ceylon	25	12	154	4.7	118
India	1,299	537	136	5.6	105
Pakistan	365	127	152	4.9	115
Total 3 countries	1,689	676	139	5.5	107
Burma	262	27	119	2.1	95
Cambodia	67	7	145	18.8	111
Indonesia	576	116	127	3.1	98
Japan	143	102	131	-0.6	117
Korea, Rep. of	37	31	161	15.2	120
Malaysia, West	51	9	181	7.8	130
Philippines	116	37	150	7.2	104
Taiwan	14	14	150	0.1	109
Thailand	198	36	190	10.1	133
Vietnam, South	66	18	112	11.5	83
Total 10 countries	1,530	397	142	3.6	112
Australia	2,975	12	148	-2.0	118
New Zealand	104	3	137	2.3	113
Total 2 countries	3,079	15	145	-1.1	117
World total	58,423	3,550	¹ 133	—	¹ 107

¹ Excluding Communist Asia.

UNITED STATES PATTERN OF TRADE WITH THE FAR EAST AND OCEANIA IN 1969

Country of origin or destination	Imports		Exports		Agricultural percentage of	
	All	Agricul-tural	All	Agricul-tural	Im-ports	Ex-ports
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Per- cent	Per- cent
Afghanistan	7.5	1.3	8.7	2.6	17	30
Burma	0.9	—	10.3	0.4	—	4
Cambodia	2.4	2.4	3.6	0.3	100	8
Ceylon	28.6	26.2	20.6	13.5	92	66
Hong Kong	814.8	3.3	358.2	54.6	—	15
India	344.1	69.4	514.4	261.7	20	51
Indonesia	193.6	127.1	200.5	95.7	66	48
Japan	4,888.3	37.3	3,461.8	933.5	1	27
Korea, So.	291.1	7.9	697.1	234.9	3	34
Laos	0.2	0.1	5.4	0.5	50	9
Malaysia	307.2	146.2	51.3	13.5	48	26
Nepal	2.2	0.7	0.9	0.1	32	11
Pakistan	73.0	8.6	194.9	38.5	12	20
Philippines	422.6	285.3	371.0	78.3	68	21
Ryukyu Is.	9.1	—	48.0	20.5	—	43
Singapore	55.1	20.8	150.6	11.0	38	7
Taiwan	387.8	42.3	392.8	107.1	11	27
Thailand	92.2	26.3	147.4	32.1	29	22
Vietnam, So.	2.8	0.1	284.4	132.1	4	46
Other	3.3	0.1	8.5	0.1	3	1
Total	7,926.8	805.5	6,930.5	2,031.0	10	29
Australia	588.1	351.0	852.7	36.2	60	4
N. Zealand	215.5	189.5	99.1	6.6	88	7
Other	24.8	13.2	42.8	7.6	53	18
Total	828.4	553.7	994.6	50.4	67	5
World total	36,051.8	4,957.9	37,444.3	5,936.3	14	16

maintaining the unfavorable trade balance that has persisted for many years. Food, beverages, and agricultural raw materials account for about 30 percent of imports; grains and cotton are the leading items.

The United States is a good market for the Far East. U.S. imports of products from the Far East in calendar year 1969 totaled \$7.9 billion, up 21 percent from 1968; five-eighths of this total came from Japan. Agricultural imports from the region rose 2 percent to \$806 million. Principal imports include coconut products, sugar, rubber, cashew nuts, and tea.

Similarly, the Far East is a good market for the United States. U.S. exports to the Far East in 1969 totaled \$6.9 billion, up from \$6.5 billion in 1968. Farm product shipments were valued at \$2.0 billion, down from \$2.2 billion in 1968. Agricultural exports to Japan, the leading commercial market for U.S. agriculture, totaled \$934 million. Among the most important items were wheat, corn, grain sorghum, lemons, alfalfa meal, tobacco, cattle hides, soybeans, cotton, and tallow.

In calendar year 1969 exports from Oceania—Australia and New Zealand—totaled \$4.5 billion, compared with \$4.4 billion in 1968. Agricultural commodities—for example, wool, wheat, meat, and dairy products—accounted for two-thirds of the total. Imports in 1969 by the two countries reached \$5.0 billion, compared with \$4.3 billion the year before. Tropical items account for most agricultural imports.

The leading farm products imported by the United States from Oceania are meat and wool. In 1969 tobacco was the leading agricultural export from the United States to Oceania:

it accounted for \$21.4 million out of the total agricultural exports to the region of \$42.4 million.

The Japanese market

Increased competition for the United States in the Japanese market is arising from Japan's policy of diversifying sources of its farm product imports. The major reasons behind such policy are the desire to hedge against supplies being reduced or shut off from principal sources and to encourage other countries to purchase more of Japan's industrial products. Also, developing countries are putting strong pressure on Japan to take more of their farm products in order to reduce their unfavorable trade balances with Japan. The Japanese have initiated programs—primarily implemented through foreign aid—for helping these developing countries increase their production of the farm commodities that Japan needs to import. The Government of Japan and private Japanese enterprise actively participate and cooperate in carrying out overseas development projects.

These projects place most emphasis on the production of such commodities as corn, grain sorghum, cassava (for animal feed), oilseeds, tropical fruits, and silk. While programs are underway in all the less developed regions of the world, the most ambitious ones are currently in the Southeast Asian countries—particularly Indonesia, Thailand, and Cambodia—and also Australia.

By 1975 Southeast Asia can reasonably be expected to be exporting 1.5 million to 2.0 million metric tons of corn to Japan and between 200,000 and 300,000 tons of grain sorghum. About the same amount of grain sorghum may be moving from Australia to Japan. Exports of dried cassava for use in mixed feeds from Southeast Asia and Japan will probably be many times their 1967 level of only some 10,000 tons. Oilseeds may eventually be important exports from Southeast Asia to Japan; it seems unlikely, however, that oilseed production in Southeast Asia will expand to the point where it will have a significant impact on the import market in Japan up

to the mid-1970's. A very substantial increase in exports of South and Southeast Asian tropical fruit and fruit products to Japan can be expected. Cotton and tobacco exports from South Asia are expected to increase and raw silk exports from Southeast Asia should increase a great deal.

Developments in Far Eastern food consumption

In most Asian countries per capita food consumption has risen moderately in recent years. Rice is still the basic food for most people, but diets are diversifying.

In Ceylon average per capita food consumption is estimated to have been 2,300 calories in 1969. This compared with only 2,000 in 1965. In India, 1969 per capita consumption is estimated to have been 2,140 calories compared with 2,020 in 1965. In Pakistan, the estimates are 2,150 calories for 1969 and 2,100 in 1965.

In Japan, per capita food consumption in 1967 averaged 2,456 calories of which 60 percent was from starchy foods. In 1955, per capita consumption had averaged 2,240 calories, 74 percent from starchy foods. Between those years per capita consumption of fats more than doubled. Japan's rapidly rising incomes have given consumers a much wider choice of foods.

In almost every Asian country, more wheat products, fruits, vegetables, and vegetable oils are being consumed. Meat consumption is rising slowly. Per capita consumption of pulses—the main nongrain source of protein—has dropped moderately in India and Pakistan because production has failed to keep pace with population growth.

Rice is a prestige food in Asia. When people can afford to spend more money for food they tend to spend much of it on rice. In post-World War II Japan, as per capita incomes advanced, the poorer people rapidly switched from eating barley to rice. And although it is now declining, the per capita consumption of rice was maintained for a long time during a period of rapidly rising incomes, even with an increase in consumption of wheat, meat, milk, eggs, fruits, and vegetables.

World Bank Agricultural Loans to Asian Countries

The World Bank Group recently approved two loans to countries of Asia totaling \$56.5 million. A loan of \$21.5 million goes to Malaysia for the Jengka Triangle land settlement and development scheme and for an associated forest industries' operation. A credit of \$35 million from the Bank's affiliate, the International Development Association (IDA), goes to India for an agricultural credit program in the west central State of Gujarat. Production of foodgrains is expected to rise by over 60 percent on farms of participants in the Gujarat credit scheme.

The Jengka Triangle in western Malaysia was selected several years ago to be the site of that country's largest regional development program—a long-range effort designed to exploit undeveloped regions and at the same time provide new job opportunities for the country's unemployed and underemployed. An earlier Bank loan of \$14 million is assisting the first stage of the program, which involved the clearing of 33,000 acres, planting of tree crops, and settling of 2,800 families. Of the recent loan, \$13 million will help finance the clearing of an additional 32,000 acres, which will also be planted with oil palms and rubber trees; the settlement of 3,000 families; and a palm oil mill. The related forestry proj-

ect to be aided by the loan of \$8.5 million will include a mechanized logging unit (annual capacity of 175,000 tons), a sawmill (42,000 tons), and a plywood mill (60 million square feet). The project will employ 1,200 people.

All the palm oil and rubber and a substantial part of the forestry products are to be exported, thus increasing Malaysia's foreign exchange earnings by \$9 million annually. Further, the establishment of an effective forest industry complex, together with the development of markets, could lead to better utilization of Malaysia's large forest reserves.

Agriculture is the main occupation in Gujarat. Crop production has barely kept pace with population growth, mainly because of scarce and unreliable rainfall and limited irrigation.

Under the agricultural credit program, long-term finance will be made available for investments in minor irrigation works, mainly dugwells and tubewells, and for farm mechanization. Contractors will receive credits for drilling rigs and spares, and farmers will receive finance for the purchase of tractors, tractor implements, and harvesters. The program also includes a survey of Gujarat's groundwater resources which will be undertaken by the State Groundwater Directorate with the assistance of consultants.

The Ivory Coast: Plans for Coffee, Cocoa

By C. MILTON ANDERSON

Assistant U.S. Agricultural Attaché

Liberia/Ivory Coast

The Ivory Coast, the world's third largest coffee producer and contender for the title of third largest cocoa producer, is making plans for its agricultural future. Recently the Ministry of Planning prepared a Five-Year Plan (1971-75), part of an overall agricultural development program for 1960-80.

A bird's-eye view of the Plan reveals that the Ivory Coast's two major commercial crops, coffee and cocoa, will continue to be the mainstay of the country's agricultural economy in 1980. In 1960 sales of these two crops accounted for three-fourths of the total farm sales of the country. By 1980 a 300-percent increase in production of coffee and cocoa is anticipated, but because of the expected greater expansion of other agricultural crops, such as cotton, tobacco, sugarcane, rubber, and palm products, the Ivory Coast will become less dependent on these two main export earners.

Coffee and cocoa are produced on small farms of which over 95 percent are less than 5 hectares (about 12 acres) in size. Improvements in methods of production have been slow as peasant farmers are not proficient in good farming practices. Trees have traditionally been planted at random and not given the care other crops receive; instead, they are treated as a forest product to be exploited. Diseases and pests easily gain a foothold under these conditions and become a major factor in limiting production. Adding to the problems are the high harvesting costs resulting from the extensive nature of production and a shortage of farm labor. However, in spite of these conditions, the production of both coffee and cocoa has continued to increase, largely because of an expansion in acreage.

Concentration on coffee and cocoa

Consideration of all these factors has led to the decision to concentrate on the modernization and intensification of the coffee and cocoa industries between now and 1980.

Although the Ivory Coast still places more importance on coffee than on cocoa, past world overproduction of coffee has resulted in a shift of emphasis to cocoa production. The switch from coffee has also been in line with the government's agricultural diversification policy and the International Coffee Organization's recommendations, which have called for the restriction of new plantings to replacement trees. But existing coffee trees are getting older, and even with improved cultural practices their production potential is limited. Ivory Coast officials have predicted that if a major new replanting program is not launched within the next 2 years production will decline by 50 percent within 5 years.

On the other hand there has been no effort to curtail new plantings of cocoa. Through its research stations the government has been providing farmers with seedlings of new hybrid varieties and has also furnished fertilizer and insecticides at subsidized prices. Emphasis at present is placed on improved cultural practices and the development of hybrid varieties which have substantially higher productivity.

Development plan

Under the development plan, L'Institut Français de Café, de Cacao et Autres Plantes Stimulantes will furnish hybrid

seedlings to SATMACI (a government agency), which will in turn distribute them to farmers in accordance with the government's overall plan for intensive and extensive plantings. Technicians will be assigned to counsel each farmer in the areas marked for intensive development. They will help him select and prepare the best land, care for the trees, and assist in the harvesting and marketing of the product.

The new program for coffee replantings with nonhybrid stock will continue through 1969-70 at 37,000 hectares (92,000 acres) per year. This is the amount required to maintain the present level of production. Beginning with the 1970-71 season and continuing through 1979-80, replantings with select varieties are planned at the rate of 20,000 hectares (50,000 acres) per year. Intensive plantings will occur in areas where land is scarce and in new zones of production.

For cocoa, the period through 1970 is being used as a time of regeneration for existing trees through improved cultural practices, as well as a period of additional planting of 20,000 hybrids (old varieties) each year. Beginning in 1969-70 and continuing through 1979-80 new hybrids will be distributed. In 1969-70 enough trees to plant 4,000 hectares (10,000 acres), and in 1970-71 enough to plant 7,000 hectares (17,000 acres) will be disseminated. Thereafter the level of distribution for the next 9 years will be maintained at 10,000 hectares (25,000 acres) per year. No nonselect varieties will be planted after 1970-71.

How will yields and production be affected by these new varieties? If the yields from traditional varieties are compared with the improved varieties, the difference is quite pronounced. For coffee the yields from the improved trees are expected to average 2,000 kilograms per hectare at 5 years compared with only 400 kilograms per hectare from the traditional plantings. Increased yields from the new cocoa plantings may be equally impressive. The select varieties are expected to produce 1,500 kilograms per hectare at 6 years compared with 300 kilograms per hectare from the varieties that are now in use.

How will the increased production of coffee and cocoa be utilized? Although domestic consumption of coffee is expected to double between 1970 and 1975 and triple between 1975 and 1980, domestic consumption will still require only 5 percent of the coffee crop by 1980. Domestic grindings of cocoa are expected to increase from nearly one-fifth of total production in 1970 to one-fourth in 1980.

IVORY COAST: PROJECTED PRODUCTION, CONSUMPTION AND EXPORTS OF COFFEE AND COCOA

Item	Calendar year		
	1970	1975	1980
	1,000 metric tons	1,000 metric tons	1,000 metric tons
Coffee:			
Quantity produced	230	265	360
Domestic consumption	6	13	18
Exports	224	252	342
Cocoa:			
Quantity produced	194	262	340
Domestic consumption	40	66	90
Exports	154	196	250

Première Esquisse du Plan Quinquennal de Développement 1971-75, Ministère du Plan.

South Africa: Corn, Sorghum Recover

By ROGER F. PUTERBAUGH
Grain and Feed Division, FAS

After the past two drought-reduced corn crops of only around 5 million metric tons, South Africa is currently harvesting a crop estimated at slightly more than 7 million tons—second only to the record 1967 crop of over 9 million tons. Sorghum production has followed a similar pattern—a record outturn of about 850,000 tons 3 years ago, crops down to 200,000-250,000 tons during the past 2 drought years, and a crop estimated to be 500,000 tons this season. Exports of both grains may recover also.

As a result of expanded acreage and unusually favorable weather conditions in the Orange Free State and Transvaal, wheat production was a record this year, and imports are expected to shrink. The harvest was 1.35 million tons, compared with the previous high last year of 1.27 million tons. This record was achieved in spite of a severe drought in the Cape Province, which is traditionally the principal wheat growing area.

Oats and barley crops were down 10 and 50 percent, respectively, from a year ago: oats, from 143,000 tons in 1969-70 to 130,000 tons in 1970-71; and barley, from 34,000 tons to 18,000 tons.

Net prices per metric ton to be paid to producers for the 1970-71 season (with year-earlier prices in parentheses) are as follows: Corn, \$53.24 (\$54.78); sorghum, \$52.47 (\$61.73); wheat, \$101.85 (\$100.75); rye \$72.70 (\$72.70); oats, \$68.12 (\$68.12); and barley \$71.34 (\$71.34).

The main reason net corn and sorghum prices are down is to reduce losses on export sales. Both the government and producers contribute to a stabilization fund that is primarily used to offset export loss.

Following its record corn crop in 1967, South Africa had an exportable surplus of around 5.5 million metric tons. This surplus was shipped over a 2-year period because physical transportation and handling limitations made it impossible to export this quantity in a single year.

The past two drought-reduced corn crops were barely able to cover domestic requirements; in fact, early last season, a shortfall was predicted, exports were temporarily halted, and around 600,000 tons of corn were purchased from Rhodesia.

SOUTH AFRICAN CORN AND SORGHUM PRODUCTION

Marketing year ¹	Corn	Sorghum
	1,000	1,000
	metric	metric
	tons	tons
1962-63	6,002	181
1963-64	6,100	272
1964-65	4,279	249
1965-66	4,490	438
1966-67	5,056	336
5-year average	5,185.4	295.2
1967-68	9,762	844
1968-69	5,316	207
1969-70	4,953	232
1970-71 ²	7,270	500

¹ Marketing year beginning May 1. ² Forecast.



This "circus tent" grain elevator in South Africa is reported to be the only one of its kind in the world. Grain is loaded from the top, forming a natural cone; it is unloaded from the bottom by auger.

Then, later in the season, when it appeared that there would be some excess after domestic requirements, a limited export program was begun for shipment from September on. This export program was stepped up as a result of the substantial crop which was expected to be harvested from last fall's plantings. Preliminary figures indicate that around 500,000 tons were exported by the time the 1969-70 marketing year (May-April) ended.

South Africa also had an exportable surplus of sorghum—480,000 metric tons—following its record crop 3 years ago. And, as with the corn crop, it was exported during a 2-year period: 370,000 tons in 1967-68 and 110,000 tons the following year. Virtually no sorghum was exported during the season that just ended because the last 2 crops barely covered domestic requirements.

Corn supplies available for export should be about 2 million metric tons this season, based on the expected crop of at least 7 million tons, with a 5-million-ton domestic consumption requirement.

Exportable supplies or carryover stocks of sorghum are expected to be around 215,000 tons. The crop is estimated at about 500,000 tons, with domestic consumption expected to be about 285,000 tons. Because beginning stocks of sorghum were considered to be below the desired level, however, probably only around 180,000 tons will be made available for export.

South Africa is expected to be nearly self-sufficient in wheat this season as a result of its record crop. The only imports will be small quantities from Lesotho and Swaziland—production from these areas is considered to be the same as South African wheat and comes in duty free and unrestricted. Total imports from these countries are estimated to be about 13,000 tons. South Africa's wheat imports since 1960 have averaged 200,000 tons per year, ranging from nothing at all in marketing years 1964-65 and 1967-68 to a high of 651,000 tons in 1966-67.

Rye production is down somewhat this season and imports of around 5,000 tons are forecast. In spite of the 10-percent decline in production, oats supplies are expected to be adequate for domestic consumption. However, because barley supplies are down almost 50 percent, imports of barley are expected to be around 32,000 tons this season, compared with 19,000 a year ago.

British Agriculture Considers Its Future

The stories that follow are based on dispatches from the Office of the U.S. Agricultural Attaché in London.

Farmers Discuss EC Entry

The Chief Economist of the U.K.'s National Farmers' Union (NFU), Asher Winegarten, has reiterated the Union's plea for greater resources from the government for the expansion of British agriculture in order to minimize the balance-of-payments cost of joining the European Community (EC).

Mr. Winegarten—in his speech before the Cornwall County Branch of the NFU—began by acknowledging the fact that the interests of agriculture will not be of paramount importance to the British Government in its negotiations for EC entry. Rather, the decisive factors will be the balance-of-payments cost and increases in the costs of food and living.

The NFU, however, believes the best way to minimize balance-of-payments costs would be to increase the degree to which the United Kingdom meets its food needs domestically. According to Mr. Winegarten, the government has not fully acknowledged the validity of the NFU claim. He said, "the urgency of the situation has not been matched by the government" in the provision of resources on a scale to enable the farm industry to build up production in the immediate years ahead.

Mr. Winegarten stressed the importance of a strong and united NFU to represent the views of British agriculture during negotiations and during any transitional period. This was directed at those farm militants who, still discontented over the 1970 Annual Price Review, may again form a rebellious movement within the NFU such as that which led to the unseating of the NFU's former president early this year.

Economists Assess Agriculture

Britain's Economic Development Committee (EDC) for Agriculture has reported that in many sectors of the agricultural industry—particularly in cultivated crops—the expansion it suggested in its projection to 1972—*Agriculture's Import Saving Role, 1968*—has hardly begun. EDC's follow-up study looks at the progress made by British agriculture in achieving greater self-sufficiency in the production of temperate agricultural commodities.

According to the study, the most marked deficiencies are in cereal acreage, which on a straight-line projection from 1967 would have been about 10 million acres by 1969 instead of the 9.2 million actually achieved. The report says, however, that adverse weather was the main reason cereal acreage did not expand.

The trend in size of the breeding herds in the livestock sector is upward—although not strongly so—for every animal except sheep. The report expresses doubts whether the momentum of the increase in hog numbers can be maintained in the immediate future.

The EDC is satisfied with the main assumption of its 1968 report on the demand for foodstuffs. There may even need to be some slight reductions in 1972 expectations for sugar and

milk. The report also forecasts a slight lessening in the rate of increase for poultry meat and a slight increase in the demand for bacon.

The outflow of manpower from agriculture has been less than first envisaged by the EDC, although it is still substantial and likely to remain so. The increase originally forecast in labor productivity in agriculture may not be maintained during the next few years. To achieve the government's production objectives, the rate of labor productivity increases would have to be 8½ percent per year through 1972-73.

The 1968 report estimated that Britain could save £220 million (\$528 million) in balance of payments by 1972-73 through the expansion of British agricultural production. This estimate led to the government's goal—stated in November 1968—of achieving a £160 million (\$384 million) import saving in production.

Cheddar Cheese Imports Limited

The British Ministry of Agriculture has announced that agreements for voluntary restraint on all deliveries of Cheddar and Cheddar-type cheese to the United Kingdom have again been concluded with all major countries concerned. Tonnages agreed on through March 31, 1971, together with those for the 2 years just ended, are as follows:

Country of origin	April 1, 1970-March 31, 1971	April 1, 1968-March 31, 1970
	1,000 tons	1,000 tons
New Zealand and Australia ¹	86.6	177.1
Irish Republic	17.5	35.0
Canada	(²)	(³)
Netherlands	5.4	11.0
France	4.9	10.0
Denmark	1.5	3.0
Norway	1.3	2.6
South Africa	0.65	1.3

¹ Australia and New Zealand have agreed to continue to operate restraint on a joint basis. ² Because of the special circumstances of the trade in Canadian Cheddar cheese (it is normally sold in Canada to U.K. buyers while it is still immature; it then undergoes a long period of maturation either in Canada or the United Kingdom and so is subject to irregularity of shipment), restraint will be operated by limitation of sales by Canadian producers to U.K. buyers in accordance with a specific undertaking by the Canadian Government authorities. In the period Apr. 1, 1970, through Mar. 31, 1971, such sales will be limited to 14,900 tons. ³ In the 2-year period Apr. 1, 1968, through Mar. 31, 1970, Canadian sales were limited to 31,000 tons.

Imports of Cheddar and Cheddar-type cheese from East European countries do not come under these restraint agreements since they are already limited by quota under bilateral trade agreements. These supplies, together with small supplies from other sources, are not expected to exceed 1,000 tons.

Annual U.K. consumption of Cheddar and Cheddar-type cheese is currently estimated at 250,000 tons. Domestic production supplies about 45 percent of U.K. requirements and imports supply about 55 percent.

Highlights and Reactions: 1970 U.K. Agricultural Review

Discussions leading up to the 1970 Annual Review and Determination of Guarantees for U.K. agriculture took place earlier this year against a background of rising bitterness and disillusionment at government policy among British farmers, erupting at times into demonstrations in country market towns and lobbying in the Houses of Parliament and the Ministry of Agriculture in London.

A good deal of the dissatisfaction derived from the smallness of the award given in 1969, which was worth only a net \$81.6 million; this anger was probably aggravated by the expectation of a much more generous 1969 award in view of the statement by Minister of Agriculture Cledwyn Hughes in November 1968 on the role of British agriculture in saving imports. He had said that the Annual Reviews of 1969, 1970, and 1971 would provide the funds necessary for the envisaged expansion of agricultural production. Naturally, when the 1969 award was announced, farmers were bitterly disappointed. An additional factor in their dissatisfaction was the disastrous 1968-69 season in which foot-and-mouth disease and poor weather led to a fall of \$85.2 million in net farm income. During 1969, shortage of credit and high interest rates were yet another irritant to the farming community.

The government, for its part, was faced with a choice between—on the one hand—increasing expenditures out of public funds on farm supports and subsidies at a time when it was trying to keep down all expenditures and—on the other—diminishing the import bill through greater U.K. self-sufficiency in agriculture. At the same time, it hoped to earn political benefit from greater generosity towards the farmers, who had a good deal of public sympathy on their side. Another factor was the very considerable body of opinion ranged against British entry into the EC, based on the very high balance of payment costs which British adoption of the Common Agricultural Policy would bring about.

In the 1970 Review, therefore, most observers had expected a considerable increase in support above 1969.

Highlights of the Review

The unorthodox nature of this year's Review, however, makes it difficult to identify a total for the value of additional support to be given to British agriculture in 1970-71. Commodity guarantees went up by a net \$129.6 million. Higher production grants and subsidies could bring the total extra value to \$204 million if hoped-for farmer response is realized.

In the commodity guarantee sector, there was again concentration on the four items in the government's Selective Expansion Programme—beef, pigs, wheat, and barley; their guaranteed prices all went up. Mainly in an effort to boost beef production, the guaranteed price of milk also went up. A brucellosis eradication program could be worth \$12 million to the cattle sector. Hill cow and beef cow subsidies went up. Also increased, to bring about a recovery in lagging sectors, were the guaranteed prices of fat sheep and potatoes. The guaranteed price of eggs was cut and no changes were made on wool, sugarbeets, oats, and rye.

The fertilizer and lime subsidies were increased by \$24 million for one year only. Sharply increased capital grants could be worth an extra \$48 million or more over 2 years.

Past Reviews have been based on an easily identifiable sum representing the extra amount of money to be injected into the

industry during the coming year from price guarantees and subsidies. This year, the total value of the award is masked by a large component of its being dependent upon how far farmers go in taking advantage of what is being offered to them. The Minister's statement to the House of Commons stressed the "four-part package"—the price guarantee increase, the fertilizer and lime subsidy increase, the brucellosis scheme, and the capital grant increase—which, however, he said could not be evaluated in conventional terms. To compare the estimated \$204-million total with earlier years is not possible because normally the capital grants would not have been dealt with in the Review but by separate legislation.

Reactions to the Review

Press. Generally speaking, press reaction to the Review was one of guarded welcome. Most papers welcomed the extra injection of cash which is being given, viewed against the background of the necessity of increasing U.K. self-sufficiency.

National Farmers' Union. As was to be expected, the NFU's reaction was to disagree. It could hardly do otherwise, having committed itself in advance to a minimum target of \$336 million increase in the value of the award. The first reaction was to ask for the Review to be referred to the Prices and Income Board and to be looked at in the context of last year's increases in the prices of steel, beer, and other commodities.

Based on dispatch from DAVID P. EVANS
Assistant U.S. Agricultural Attaché, London

Farmers Protest 1970 Program

The British National Farmers' Union (NFU) Council recently announced six measures which it intends to adopt for registering objections to the government's 1970 price guarantee Review. Ever since the Review was announced in March, NFU's leadership has been searching for methods of protest that would not alienate public sympathy for the NFU.

The first measure calls for the withholding of stock from agricultural markets for one week, at a time not yet determined. This does not call for the breaking of contracts already entered into for the delivery of livestock. The NFU believes it will dislocate markets without causing a meat shortage.

The second proposal recommends that NFU members refrain from purchasing any new tractors or other agricultural equipment except from companies which have not increased prices since the program was announced and which give a pledge not to increase prices this year.

The third measure recommends that farmers refuse to allow access to their land by surveyors, engineers, and others involved in the laying of gas, water, electricity, and oil pipelines and in road and public works construction.

The remaining 3 points of the plan involve registering protests at Ministry of Agriculture offices, undertaking research on typical farms to demonstrate the effect of the plan on farm incomes, and examining supply management schemes.

The NFU has been careful to point out that its quarrel is not with the public and that therefore demonstrations and traffic holdups and other actions liable to cause inconvenience and harm will not be used as a means of protest.

—Based on dispatch from WILLIAM L. SCHOLZ
Assistant U.S. Agricultural Attaché, London

White paper says farm output gain likely

Irish Study Implications of EC Membership

The Irish Government has concluded that membership in the European Community would make available markets that would enable Ireland in 7 years to increase its agricultural output 30-40 percent in terms of volume, and even more in terms of value. This estimate is given in a "white paper" which assesses the implications and prospects for Ireland should it assume associate membership in an enlarged Community by 1973 and full membership by 1980. The document, which concluded that EC membership is in Ireland's national interest, states that agriculture will be the main beneficiary of such a move, that the Irish livestock sector would especially benefit.

The paper stated that industry could expect some short-term problems but would—in the long term—make significant gains. In some respects, the document said, the challenge presented by EC membership might be considered to be less severe than the full implications resulting from the Anglo-Irish Free Trade Agreement. One of the problems that is expected to arise on assuming full membership would be an increase in Irish food prices of from 11 to 16 percent, with a consequent increase in the consumer index of 3 to 4.5 percent over present levels. The white paper expects the transition period between associate and full membership to be about 5 years.

The document stated that EC membership would provide outlets at remunerative prices for most of Ireland's agricultural production. The products which would benefit most are cattle and beef, milk, mutton, and lamb. These represent nearly two-thirds of Ireland's farm output. Pork, poultry, and eggs—representing another 16 percent of the total output—would face the handicap of higher feed prices. No significant change would be expected initially in the overall tillage acreage. Feed barley acreage would likely increase at the expense of wheat. Little change would be expected in sugarbeets and potatoes. Horticulture—representing 3 percent of present output—would face very stiff competition from other EC countries and would suffer.

On the financial side, it is assumed that Ireland's maximum contribution to EC funds at the end of the transitional period would be about \$45.6 million per year. Membership, however, would mean elimination of present Irish price supports and export subsidies totaling at least \$86.4 million (on the basis of 1969-70 expenditures). Therefore, the net savings to the Irish exchequer could be in the range of \$41 million yearly.

The white paper considered the implications of EC membership in four areas affecting Irish agriculture. These were:

- Effects on output of major commodities.
- Foreign trade in major commodities.
- Government aids.
- Animal and plant health.

Effects on output of major commodities

Cattle and beef. Irish fat cattle prices during 1969 were about 60 percent less than the EC common guide price of \$34.53 per live hundredweight. Therefore, even allowing for a drop of 7 percent in support prices, and for transport costs to export areas, the white paper reports that "it is clear that



A bucolic scene in Southland, Ireland. On Ireland's joining the Community, it is expected that higher prices for Irish sheep and lambs will stimulate production of these animals.

Irish cattle prices would show a very substantial increase which would serve as a strong stimulus to increased beef production."

The long-term outlook for beef would also be good, the document said. The Organization for Economic Cooperation and Development (OECD) predicts sizable beef deficits in an enlarged Community until 1985; these would have to be met by imports. Factors which might work against this bright outlook are, on the demand side, trends in incomes and the prices of beef and its substitutes, and on the supply side, the relative profitability of different commodities and technological innovations.

Milk and dairy products. The present EC target price (which is not a guaranteed figure) for manufacturing milk is about 60 percent above the Irish 1968 average price of 27.9 cents per gallon. On entering the EC, Irish Government subsidies would be discarded and would be replaced by the Community system. The EC price is set to maintain commercial milk production within the limits of the Community. Therefore, the capacity of Irish creameries to pay a return to Irish farmers equivalent to the EC target price would depend on the prices they obtain for dairy products and on their own efficiency. Noting that the present EC intervention prices for milk products could change, and that the EC milk price is not guaranteed, the paper states that membership in the Community "would result in a substantial increase in the price of milk to farmers." For dairy products, unlike beef, the OECD predicts that the outlook in an enlarged Community would be one of continuing surpluses.

Sheep and lambs. The EC has not yet fixed a common marketing policy for sheep and lambs. However, given equal terms of competition with British and Continental producers,

which would result from joining the EC, Irish farmers should fare well; higher prices should stimulate increased production.

Hogs. A basic EC price exists; prices are not allowed to fall more than 15 percent below this level. The current Community basic price is \$38.10 per dead hundredweight with the floor level at \$32.40. However, market prices would be expected to be close to the basic price and consequently, well above the 1969 Irish average-producer price of \$33.12. Feed costs would be higher but this could be offset by more efficient production and the higher prices.

Poultry and eggs. Present market prices offer little prospects of increased prices in this sector. Again, as in the case of hogs, feed costs would be higher and greater efficiency would be vital in poultry and egg production, processing, and marketing.

Grain and feed. Irish wheat prices would show little change, or possibly a slight reduction, but feed barley prices would rise about 20 percent. The price of oats could also increase. A swing from wheat to coarse grains, particularly feed barley, would be expected. If, however, livestock production becomes very attractive, the overall acreage under cereals could decline. The prices of mixed feeds would rise because of increased prices for domestic and imported grain—from both member and third countries. The existing quantitative import restrictions on mixed feeds would be done away with, although some might have to be retained on animal-health grounds. Irish flour mills would be expected to use as much native wheat as possible, assuming its quality met requirements.

Sugarbeets and potatoes. The price realized by Irish sugarbeet producers is somewhat above the current price paid to EC farmers. But owing mainly to lower refining costs, Irish sugar prices (ex-factory) are well below the EC target price. It is difficult to predict how acreage of the crop could go, but much will depend on the production quotas to be fixed in 1975. Production of potatoes is not likely to be affected a great deal by membership, although Britain could become a market for ware potatoes, the Irish storage potato. Irish seed potatoes for export are already graded to higher standards than those in force in the EC.

Horticulture. This sector of agriculture is protected by import duties and quantitative restrictions at present; removal of these would present some difficulty. Irish producers would have to compete with imports of soft fruit and vegetables, particularly with high-profit items. The level of Irish production could decline unless greater efficiency were attained.

Foreign trade in major commodities

At present, almost half of the Irish farm output is exported, with livestock and livestock products accounting for over 90 percent of these exports. EC membership would insure improved access to a large market at remunerative prices, but owing to the Irish geographical position, the United Kingdom would continue to be Ireland's main export area. The existing Irish quantitative restrictions and other protective measures on imports would—upon Ireland's gaining EC membership—have to be removed; Irish producers would encounter more competition from other EC member countries. Import prices of grain would increase and the pattern of imports would probably change; shipments into Ireland from member countries would tend to replace imports from third countries.

Export prices for Irish cattle and beef should rise significantly. The United Kingdom would continue to be Ireland's

main market, but EC member states would also import more. Fat cattle shipments into Ireland might increase when the beef export subsidies are terminated, but against this must be balanced two factors: the high shipping costs of cattle from other EC countries and the increased efficiency of Irish meat plants. The traditional feeder cattle trade with the U.K. is of long-standing duration and should remain the most competitive; but farmers in the British Isles may not be as keen to buy these feeder cattle after the system changes. Most Irish dairy products, pork, mutton, and lamb, would continue to go to Britain; other member states of the Community would buy more lamb and pork.

Government aids, animal and plant health

Government aids. It is difficult to determine the amount that the Irish Government will spend for agricultural aids pending a final EC decision. However, the present price support and export subsidies would be eliminated. This, based on current payments, should save the exchequer a gross of \$86.4 million annually and, in the words of the document, "if certain other aids were not allowed" the total saving could be \$24.0 million more.

Animal and plant health. The white paper said that "no serious difficulties are foreseen in complying with EC standards on fresh meat exports." Most of the Irish meat plants already in the export trade meet EC standards. Some, however, would need improvement. Ireland would have to make "special arrangements" for imports of live animals in view of that country's disease-free status. Measures already adopted by the Community on plant health would create no problems for Ireland.

In the section dealing with foreign trade, the paper makes no mention of Ireland's second most important market for farm crops in recent years—the United States. No reference is made of the boneless beef market, nor to the sugar or dairy products quotas. On the import side the paper states, "there could probably be a change in the pattern of imports inasmuch as imports from member countries—which would have a Community preference—would tend to replace those from third countries."

—Based on a dispatch from EUGENE T. RANSOM

U.S. Agricultural Attaché, Dublin

Harvesting hay in the hedgerow-bordered fields of County Donegal, Ireland.





Above, German wheat team member Hans Werle, examines wheat at the U.S. Agricultural Research Center, Beltsville, Md. Looking on are (l-r) Paul Hess, Hans Wiegenshaus, Wolfgang Schneider, and Karl Lappe. Below, Philippine flour millers visit with USDA's Asst. Sec. Clarence Palmby. (L-r) Augusto de Leon, Ramon Vogel, Roger Rotor, Asst. Sec. Palmby, Licerio Cabahug, Leoncio Parungao, Jr., Ramon Dizon, Ramon Lachica, and Joaquin Dee.

Year of the Trade Teams

Wheat teams from West Germany and Brazil, a flour milling group from the Philippines, and a delegation of Korean bakers recently wound up tours which included an in-depth look at U.S. wheat.

The Brazilian and German teams, sponsored by Great Plains Wheat and the USDA, and the Philippine flour millers, guests of Western Wheat Associates (WWA) and the USDA, visited U.S. wheat farms, grain exchanges, rail and port facilities, and country elevators. They also discussed wheat production and distribution with officials of grower organizations, the grain trade, universities, and state and federal agriculture departments.

Team members from West Germany, the largest market for U.S. wheat in Europe, included Karl Lappe, wheat buyer for the Alfred C. Toepfer firm; Hans Werle, managing director of Ein-fuhrhandel Manheim; Hans Wiegenshaus,

wheat buyer for Getreide-Import Gesellschaft, and Paul Hess, Agricultural Specialist, Office of U.S. Agricultural Attaché, Bonn.

Members of the Brazilian wheat trade team were Dr. Louis Henri Guittion, director of the Wheat Department of the Brazilian National Supply Agency (SUNAB) and president of the Brazilian wheat board; Gen. Welt Luiz Pieruccetti, vice president of the Brazilian wheat board; Antonio Carlos Abbott, director of wheat purchases, Bank of Brazil; and Eng. Carlos Catelli Gandolfo, general manager of the S.A. Moinho Santista mill, São Paulo.

The Philippine team, the first from that country to visit the United States since 1963, was composed of milling officials who are directly involved in wheat purchasing and policy making. Members of the team were Augusto de Leon, Ramon Vogel, Roger Rotor, Licerio Cabahug, Leoncio Parungao, Jr., Ramon Dizon, Ramon Lachica, and Joaquin Dee.

During their tour the Korean bakery team, sponsored by WWA and USDA, learned successful methods and techniques used by their American counterparts and picked up new ideas for flour usage. Members of the team included S. W. Cho, C. K. Shin, H. S. Sun, C. B. Kim, and H. K. Chang.

Foreign wheat buyers, millers, bakers, government officials, and food distributors have been coming to the United States for several years. In fact, approximately 100 wheat teams have visited since the late 1950's. Acting on the philosophy that "seeing is believing," their hosts feel that the teams return home with a better understanding of U.S. wheat and therefore are better prospective customers. This program has been successful in helping to meet competition in older markets such as Western Europe and in generating sales to developing markets in Latin America and the Far East.

Teams from several other countries are also scheduled to get a first-hand look at U.S. wheat during 1970. WWA has invited three groups from Japan (a soft wheat team, a flour millers team, and a food agency team), a flour millers team from Taiwan, and a government and industry group from India.

Great Plains Wheat plans to sponsor teams from the Netherlands, Colombia, Portugal, and Central America.



Below, Brazilian wheat team members become honorary Dodge City Marshals. Ron Long of Dodge City, Kans., pins the badge of office on Dr. Louis Guittion. Looking on are Eng. Carlos Gandolfo, Richard Gonzalez (interpreter for the team), Gen. Welt Luiz Pieruccetti, and Antonio Abbott.



Wheat Quality Survey—A New Marketing Tool

By RALPH McEWEN, JR.

Administrator, Oregon Wheat Commission

A new era in the export marketing of Pacific Northwest wheat began last year when a regional Wheat Quality Survey was established. The survey, administered by a Quality Committee, now serves as a valuable marketing aid in cataloging the quality, quantity, and location of various wheat types produced throughout the tri-State region of Idaho, Washington, and Oregon.

As so often happens, the new effort was triggered by a previously unexperienced problem. In this case the problem arose in the marketing of the 1968 wheat crop to the best U.S. dollar customer—Japan. Unseasonal and persisting rainfall during the harvest of this crop resulted in undetected quality deterioration of white wheat exported to Japan and used there in the production of noodles. Starch damage, caused by a germination enzyme activated by the warm moist conditions of the rainy period, was the unseen villain that caused serious production problems for Japanese noodle manufacturing firms. The subsequent 2-month suspension of all Japanese purchases of U.S. wheat, with the possibility of the total loss of this valuable cash export market, was of grave concern to all segments of the wheat industry and to agencies of the U.S. Department of Agriculture as well.

Through many lengthy conferences and the combined efforts of officials from producer market development organizations, exporter associations, and USDA agencies, the difficulty was finally resolved and Japan resumed imports of U.S. wheat. In fact, during the Japanese fiscal year ending March 30, sales of U.S. wheat to Japan reached a new record of 82.6 million bushels, exceeding last year's sales by 22.2 million bushels. This advance returned the United States to the position of supplying slightly more than half of Japan's wheat requirements. The previous high for U.S. sales was 76 million bushels in 1966.

Almost immediately after the Japanese wheat crisis, industry leaders began planning methods to prevent the occurrence of similar quality problems which could result in the loss of the valuable Asian cash export market developed in over a decade of work. Also, members of the U.S. wheat trade were becoming aware of the growing sophistication of certain markets. As wheat use in each importing country becomes more common, the markets become more discriminating. In Japan, for example, end use is becoming more diverse each year, owing partly to the foreign market development activities of Wheat Associates, the marketing arm for U.S. wheat producers in Asia. Therefore it is becoming increasingly important to be able to market the various qualities of wheat available to meet more demanding end use preference.

Role of the Quality Committee

All concerned have realized the need for a more detailed and thorough knowledge of the quality of each crop as it becomes available for market. Any potential trouble spots must be pinpointed quickly to avoid marketing problems. Rapid distribution of this kind of information is an important aid in merchandising the commodity.

With these criteria in mind, members of the industry decided to expand an existing regional committee conducting

studies on wheat quality, to serve as a coordinating committee for industrial and governmental program development. The new committee, the Pacific Northwest Grain Standards and Quality Committee, provides a means for the region's wheat interests to stay abreast of the changes in market preferences as they occur, and assists in developing improved procedures for marketing the region's wheat supplies.

The Quality Committee has representation from all industry segments in the region and participation by all State and Federal Government agencies interested in wheat. A close liaison is also maintained with the State universities in the region. All participating organizations and agencies contribute either direct funding or valuable services pertinent to sample collection, grading, chemical analysis, data compilation, and publication and distribution of the annual report. Wheat Associates contributes to the new program through a direct performance contract with the industry committee. The group then subcontracts to qualified agencies to carry out the details of the program.

Teamwork provides an effective tool

Representative sampling from 125 strategically located interior grain elevators throughout the three States is made available through the cooperation of the region's grain dealer associations. Sample collection is accomplished through the services of the State Departments of Agriculture; official certificates of grain grades on the large volume of samples is furnished by the Grain Division of USDA's Consumer and Marketing Service; chemical analysis is provided by the Oregon Department of Agriculture's Grain Division Laboratory; data compilation by computer is provided by Oregon State University; and publication and distribution is handled by the Grain Market News. The Quality Committee advises the project operation and keeps a close line of communication with all segments.

Weekly reports, during the harvesting season, are distributed widely to all interested parties, with a synopsis of the weekly reports following immediately after the termination of the harvest in each State.

In addition, a summary report is published later in the season which furnishes additional crop information not available earlier in the season. This is divided into four phases and encompasses the quality of the crop as it moves from farm truck to ship.

Phase I is a report of the above-mentioned weekly crop quality synopsis showing protein content, moisture levels, alpha amylase analysis, and test weight, and all grading factors. Phase II reports milling quality and other additional chemical analyses on flour produced from representative composite wheat samples by producing district. These data are provided by Doty Cereal Laboratories. Phase III is a complete quality report of representative rail car receipts at terminal points over a 4-month period. Phase IV is a like report on ocean cargoes moving abroad during the same period. These reports are furnished as a service contribution by the Pacific Northwest Export Association.

As a result of these reports exporters know where to find stocks from which to assemble market-acceptable cargoes, and growers have assurance that quality difficulties will not interfere with an orderly volume movement of their commodity.

CROPS AND MARKETS SHORTS

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	May 20	Change from previous week	A year ago
	Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:			
Canadian No. 2 Manitoba	2.00	+1	1.94
USSR SKS-14	(¹)	(¹)	1.84
Australian Northern Hard	1.75	0	(¹)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.92	+2	1.92
15 percent	1.99	+1	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	1.88	+1	1.88
Argentine	1.84	+3	1.80
U.S. No. 2 Soft Red Winter	1.72	-1	1.71
Feedgrains:			
U.S. No. 3 Yellow corn ...	1.65	-1	1.50
Argentine Plate corn	1.71	0	1.57
U.S. No. 2 sorghum	1.44	-2	1.26
Argentine-Granifero	1.48	+4	1.24
Soybeans:			
U.S. No. 2 Yellow	3.13	+1	2.92

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

U.S. Ban on Australian Mutton

The U.S. Department of Agriculture has announced that Australian mutton slaughtered after May 15 may not be imported into the United States. The action was taken by USDA's Consumer and Marketing Service (C&MS), which administers the Federal Meat Inspection Act. Mutton is covered by the U.S. Meat Import Law (P.L. 88-482).

According to C&MS, the Australian inspection system for mutton is deficient in that carcass identification is not adequate for proper inspection, disposition of questionable carcasses is not in accordance with requirements, and dressing and handling procedures are inadequate. These deficiencies in the Australian inspection system apply only to sheep slaughtering plants, not to those processing lamb.

Imports of Australian mutton into this country may be resumed when the deficiencies are corrected, C&MS said. Nearly 10 percent of total U.S. meat imports from Australia is mutton.

Federal law requires that before a country may export meat to the United States it must have and enforce inspection laws and regulations equal to those which apply to meat produced in the United States.

Record Israel Strawberry Export

Israel exported more than 1,300 metric tons of strawberries during the 1969-70 season. This compares with 580 metric tons exported in 1968-69. Even with the larger quantities, prices obtained in European markets were satisfactory. New varieties boosted December and January sales abroad and were especially profitable. Farmers received the equivalent of

36 U.S. cents per pound for export berries. All strawberry exports from Israel were by air.

Spain To Subsidize Oilseeds

The Spanish Government recently announced a threefold subsidy program for the production of oilseeds. The subsidy will consist of 50 percent of seed value, 20 percent of fertilizer value, and a support price per metric ton. The support price for soybeans will be \$150 per metric ton (\$4.09 per bu.), made up of \$121 plus a special bonus of \$29; the price for sunflower and rapeseed will be \$143. Prices will be increased by \$0.72 per ton from December to May.

The aim of the subsidy program is to reduce—for balance of payment reasons—oilseed imports. It is hoped that oilseed acreage will be expanded to reach 600,000 acres; present oilseed area is 158,000 acres of sunflowerseed.

Spanish imports of oilseeds are mostly from the United States. In 1969-70 U.S. exports of soybeans to Spain should approximate 45 million bushels, valued at \$120 million; of this amount the oil from about 20 million bushels will be re-exported.

If this subsidy program is successful, Spanish production of oilseeds could eventually increase to the equivalent of 15-20 million bushels of soybeans.

Indian Vegetable Oil Prices Peak

Vegetable oil markets all over India are experiencing an unseasonal price peak attributable to a number of factors, particularly the lean inventory position at the beginning of the current season and the failure of domestic production to keep pace with growing requirements. These are the circumstances that lay behind India's first cash purchase of soybean oil in March. (See *Foreign Agriculture*, May 4, 1970, p. 15.)

Current indications are that overall Indian production of oilseed during 1969-70 may not exceed 7.6 million tons against the target of 8.5 million tons. The major shortfall is anticipated in peanuts, of which only 5 to 6 percent of the total crop area is irrigated. Though final estimates of peanut production are not yet available, the crop is tentatively estimated at 5.0 to 5.2 million tons of nuts in shell, an improvement over last year's poor harvest of 4.5 million tons but well below the 5.7 million tons produced in 1967-68. Reduced imports of soybean oil, copra, and tallow also boosted prices.

Peanut oil in the Bombay spot market on March 20 stood at about \$700 per metric ton against about \$500 last year. On September 9, 1969, the season's price level peaked at \$750 and prices then drifted downward with arrivals of the new peanut crop in November. Since mid-December, however, prices have risen steadily, and they registered a sharp increase of \$90 per ton during the past month.

High peanut oil prices put the vanaspati (hydrogenated edible oil) industry in a costs squeeze. About the middle of March, seven of the country's 55 vanaspati manufacturing units suspended production because they could not afford oil at the prevailing prices and still sell at officially controlled prices. This led to an acute shortage of vanaspati—an important cooking medium—and pressure for higher prices. Effec-

tive March 17, the government allowed an upward revision of vanaspati prices by \$40 per metric ton and also agreed to fortnightly price revisions whenever the base peanut oil prices fluctuated beyond \$20 per ton. Vanaspati manufacturers have resumed production, and their scramble for ready peanut oil stocks has pushed prices up further, which, in turn, has exerted inflationary pressures on other oilseeds and oils.

To relieve the oil shortage and hold the price line, the government is trying to obtain supplies from abroad. A 28,500-ton supply of U.S. soybean oil was shipped under P.L. 480 in January-February. Another 9,500 tons were purchased during the first week of March and an additional 5,000 tons are to be purchased for shipment by June. A shipment of 5,000 tons of sunflower oil from the USSR has arrived. According to press reports there have been negotiations for additional USSR oil but there is no indication that immediate supplies are in prospect.

A commercial purchase of 24,000 tons (non-project AID loan) of U.S. tallow was made. Nonproject loans still are available for tallow. The State Trading Corporation has asked for tenders for 40,000 additional tons for April-June shipment and according to trade reports is considering a further 80,000 tons.

Over and above these planned imports, the government is actively investigating commercial purchases of edible vegetable oil.

Tightened credit restrictions by the Reserve Bank of India failed to produce the desired bearish effect on prices.

The Central and State Governments are trying to augment irrigation facilities for peanut growing but the supply picture over the next few years will change significantly only if enough rain falls on major producing areas. Most observers expect that peanut oil prices in the months to come will exceed earlier record levels. A medium term program for imports of edible oils appears to be unavoidable if demand is to be met and prices maintained at reasonable levels.

Ontario's Flue-Cured Quota Down

The Ontario Flue-cured Tobacco Growers Marketing Board reduced 1970 flue-cured tobacco acreage by 22.4 percent to 93,389 acres from the 1969 planted acreage of 120,408 acres. The Board's decision is aimed at a 1970 production target of 172.5 million pounds, farm sales weight, using an average yield of 1,847 pounds per acre.

This year's cut took into consideration the 26-million-pound surplus from the 1969 crop, which totaled 226 million pounds and was one of the largest on record. Originally, the 1969 flue-cured crop quota had been set at 200 million pounds.

Canada is an important supplier of flue-cured tobacco in world trade, exporting about one-fourth of its annual production. Nearly 90 percent of Canada's flue-cured tobacco is exported to the United Kingdom.

Turkey Exports Less Tobacco

Turkey's 1969 exports of unmanufactured tobacco fell for the second consecutive year to 155.4 million pounds. This quantity represents a decline of 13 percent from the 179.2 million pounds exported in 1968 and 23 percent from the record 202.3 million pounds exported in 1967. Most of the decline was due to lower shipments to the United States: they dropped to 79.2 million pounds in 1969 from 102.6 million in 1968 and 129.6 million in 1967. The United States continued

to be the major buyer of Turkish leaf, although its share of the total fell to 51 percent in 1969 from 57 percent in 1968 and 64 percent in 1967.

Other important markets in 1969 included West Germany, which was the second largest purchaser, followed by Japan, Hungary, Czechoslovakia, East Germany, Belgium-Luxembourg, Poland, and France. Shipments to the European Community represented 22 percent of total unmanufactured tobacco exports in 1969, compared with 21 percent a year earlier and 13 percent in 1967.

Turkey is the largest Free World producer of oriental leaf. However, occasionally the country is burdened with over-production of low-quality leaf which is difficult to dispose of. The government's effort last year to liquidate old tobacco stocks through tax-rebate payments to exporters was far from successful. Further efforts are being made to encourage production of quality leaf and to promote tobacco exports.

TURKEY'S EXPORTS OF UNMANUFACTURED TOBACCO

Country of destination	1967	1968	1969
	Mil. lb.	Mil. lb.	Mil. lb.
United States	129.6	102.6	79.2
West Germany	15.3	26.0	22.7
Japan	6.9	1.7	8.0
Hungary	11.5	4.9	7.8
Czechoslovakia	4.9	7.8	6.5
East Germany	4.3	4.1	5.7
Belgium-Luxembourg	4.2	5.2	4.3
Poland	6.8	2.1	3.2
France	1.9	2.7	3.0
USSR	3.2	4.9	2.2
Netherlands	0.8	1.3	2.1
Italy	3.9	1.9	1.9
South Korea	0.4	1.8	1.3
United Arab Republic	1.4	0.7	1.2
Other	7.2	11.5	6.3
Total	202.3	179.2	155.4
To EC	26.1	37.1	34.0

Morocco Imports More Tobacco

Morocco's imports of unmanufactured tobacco rose to a record level of 12.3 million pounds in 1969. This quantity compares with 9.1 million pounds imported in 1968 and the 1960-64 average of 8.3 million. Brazil continued to be the principal source with 3.8 million pounds. Other important suppliers in 1969 included Indonesia, Colombia, and the Philippines with 1.9 million, 1.7 million, and 1.1 million pounds respectively. Imports from the United States, although small, rose to 937,000 pounds from 464,000 pounds in 1968 and the 1960-64 average of 304,000 pounds.

Morocco depends largely on imports of unmanufactured leaf for its domestic tobacco industry. In 1969, three-fourths of the total requirements were met through imports.

Brazil's Tobacco Exports Up

Exports of unmanufactured tobacco from Brazil in 1969 totaled 106 million pounds, 25 percent above the 85 million pounds exported a year earlier. The 1969 shipments mark the reversal of the downward trend which began after the record export level of 133 million pounds in 1964. Spain, the Netherlands, France, and West Germany are the major markets for Brazilian tobacco. Although cigar tobacco makes up



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Foreign Agriculture

most of the exports, flue-cured tobacco has been gaining recently in importance.

Japan's Tobacco Imports a Record

Imports of unmanufactured tobacco into Japan during 1969 were at an all-time high of 73.1 million pounds, 17 percent above the 62.7 million pounds imported in 1968 and more than double the 1960-64 average of 35.4 million pounds. The United States supplied 46.6 million pounds in 1969, 64 percent of the market. This compares with 35.3 million pounds in 1968 and an average of 22.1 million during 1960-64, when the U.S. share was 56.3 percent and 62.4 percent of the market, respectively. Other important suppliers of unmanufactured leaf in 1969 included Greece with 7.2 million pounds, India with 6.5 million, Turkey with 5.8 million, Thailand with 3.5 million, and Bulgaria with 2.2 million pounds.

Japan is not only an important market for unmanufactured tobacco, but it is also an important tobacco producer with some tobacco leaf exported annually. In 1969, 14.2 million pounds of leaf were exported, somewhat below the 14.9 million pounds in 1968 and the record high of 19.6 million pounds in 1966. In recent years, about three-fifths of total Japanese tobacco exports were destined to West Germany and about one-fifth to the Ryukyu Islands.

Domestic tobacco production has been declining during the last 3 years and totaled 383 million pounds in 1969, compared with 426 million pounds in 1968 and the all-time high of 460 million pounds in 1967. Current estimates place the 1970 crop at 375 million pounds.

Australian Butter Production Rising

The Australian Government is seriously concerned about increasing production of butter and the impact of excess output on government expenditures. The Minister for Primary Industry has warned that there will have to be a reduction in butter output. Marketing year 1969-70 production has been estimated at 493 million pounds, which is in excess of domestic requirements and overseas market demands. For the first time it looks as if Australia will have a stock of about 11 million pounds of butter at the end of the marketing year.

Most of this increased production has taken place in the

State of Victoria. This State produces approximately 64 percent of Australia's butter and 85 percent of the butter being exported.

It is feared that if the government announces the guarantee for butter maintained in the past 11 years, at 38 cents per pound the cost to the taxpayers would be another \$22 million.

Should butter production continue at the same rate into the 1970-1971 marketing year, about 515 million pounds would be produced. Under present conditions, this would result in a yearend carryover of about 45 million pounds. In a recent speech to the House of Representatives the Minister indicated that some steps need to be taken now to alleviate the situation.

With a guarantee of 38 cents per pound, and a price of only 34 cents per pound ex-quay for top-grade kangaroo butter in London, it is costing Australian taxpayers 4 cents plus transportation charges for every pound of butter shipped to the U.K. market. The Minister has suggested to the dairy industry that it would be well advised—if it wants to keep the guarantee price for butter at the present level—to come up with a plan which would serve as disincentive to any increase in production above the present level.

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